

PERSONAL PROPERTY TAX INCENTIVE

SUMMARY

Senate Bills 118 and 182 enable counties and municipalities, on a case-by-case basis, to negotiate a rebate or credit of up to 50% of the jurisdiction's levy on new taxable personal property used in connection with the operation of a qualifying new or expanded primary sector business facility. The State of Colorado limits this incentive to ten years.

Weld County and the City of Greeley have each adopted resolutions stating their willingness to negotiate appropriate personal property tax refunds to businesses that qualify under state/local guidelines. Other Weld towns will consider use of this incentive on a case-by-case basis.

HISTORY

The legislation was enacted to provide relief from personal property tax for primary employers making large investments in manufacturing equipment in Colorado. Because these investments are subject to personal property tax levels that may be higher than that of other types of companies in Colorado, primary sector employers were being hurt and Colorado was losing high quality jobs. This program is designed to reduce (not eliminate) the personal property tax burden of a qualifying new or expanding company. The demonstrated and expected results of the program are to encourage more manufacturing investment in Colorado.

TAXPAYER ELIGIBILITY REQUIREMENTS

- The taxpayer must qualify as a "New Business Facility" defined as: a new or expanded facility that is employed by the taxpayer in the operation of a revenue producing enterprise. There are two ways an existing company can qualify as a new business facility, as referenced by C.R.S. 30-11-123: 1) undertaking an expansion that exceeds \$1 million; or if less, 2) 100% of its investment in the original facility prior to expansion.
- An eligible new or expanding business shall invest a minimum of \$1million in new depreciable personal property during the calendar year in which application is made for the incentive payment.
- The new/expanding business shall not include any corporate reorganization, sale of an existing business, or resumption of business activities unless new investment is created.
- Eligible taxable personal property must be located at or within such "new Business Facility" or directly attributable to the expansion of an existing business facility, and used in connection with such facility for the current property tax year.
- An eligible new/expanding business shall derive at least 50% of its principal source of gross annual income from the sale of products or services consumed outside of Weld County either directly or indirectly. The intent of this guideline is to assist firms engaged in manufacturing, processing, research & development, and provision of externally directed services.
- An eligible new or expanding business shall not derive more than 25% of its gross annual income from direct retail sales or other internally directed sales.